

# Universal Service

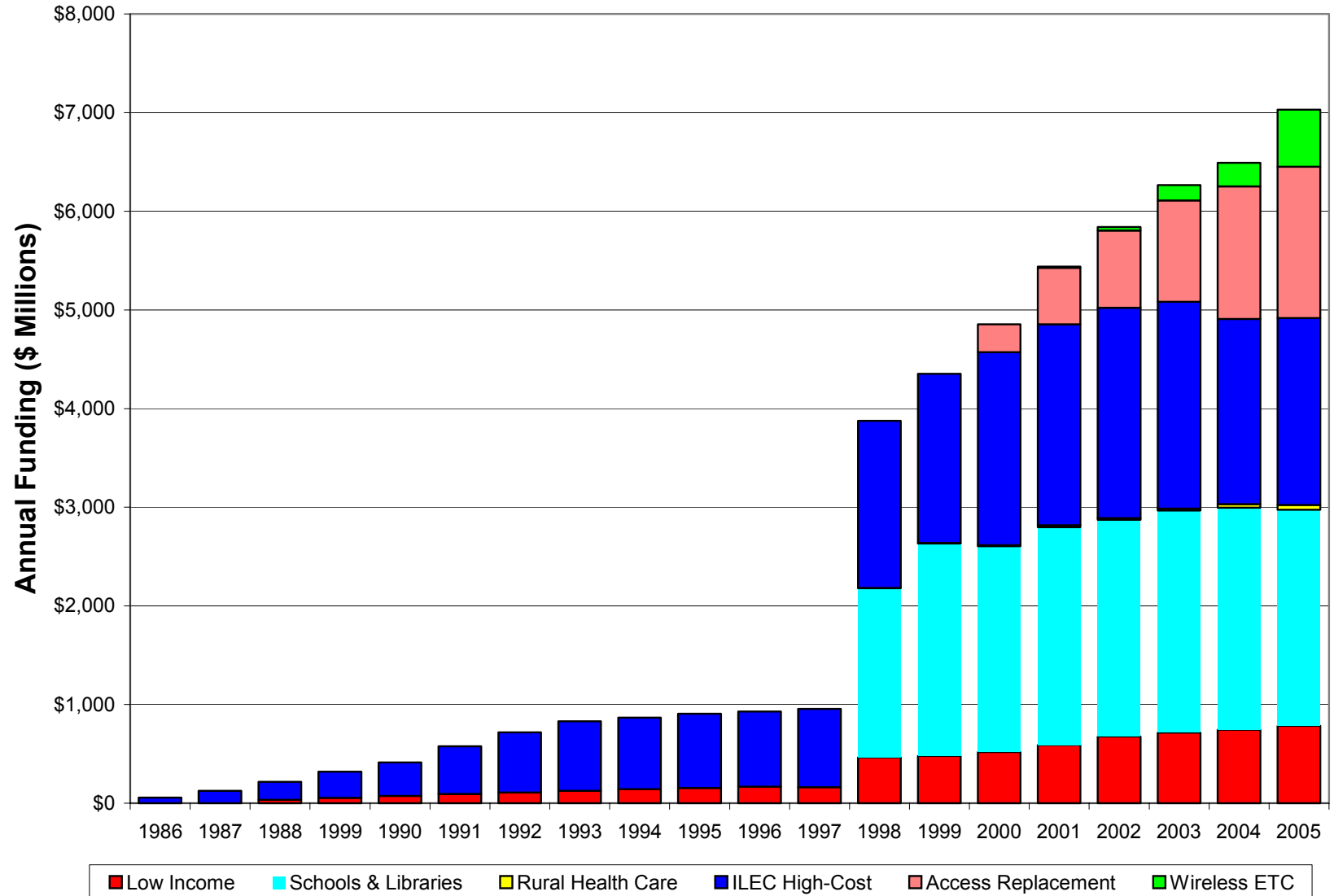
*Rural Infrastructure at Risk*



# Synopsis

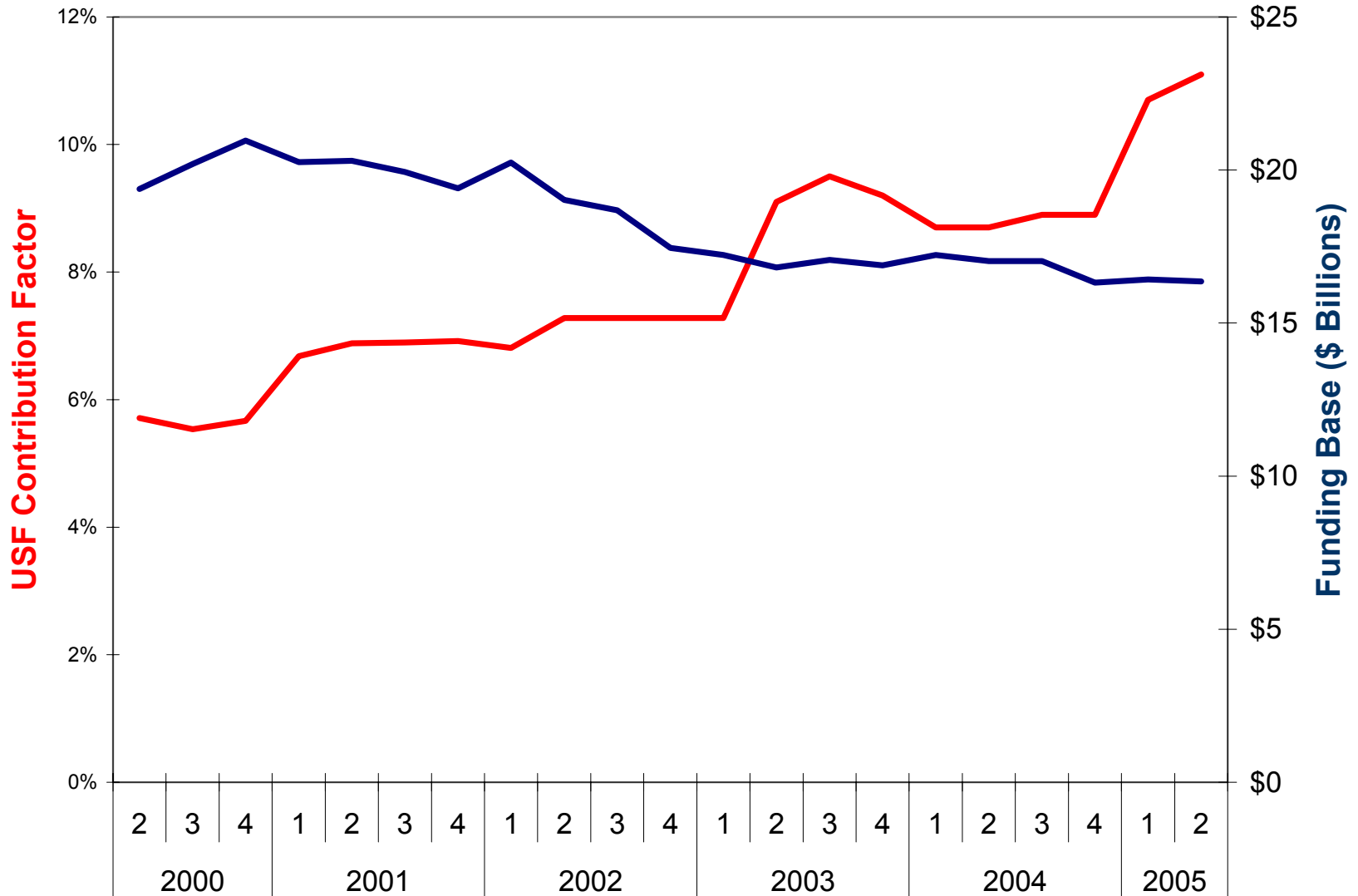
- **Universal Service Benefits Rural Consumers**
  - Comparable service and prices to urban areas
  - Infrastructure to support advanced services and VoIP
- **The Universal Service System is Headed for a Crisis**
  - Fund now over \$7B and growing rapidly
  - USF assessment mechanism now 11.1%
  - Many high-cost areas cannot support even one COLR
- **Fundamental USF Reform is Necessary**
  - USF collection mechanism
  - Clearly defined funding goals
  - Mandatory minimum criteria for ETC designation

# Growth of the USF



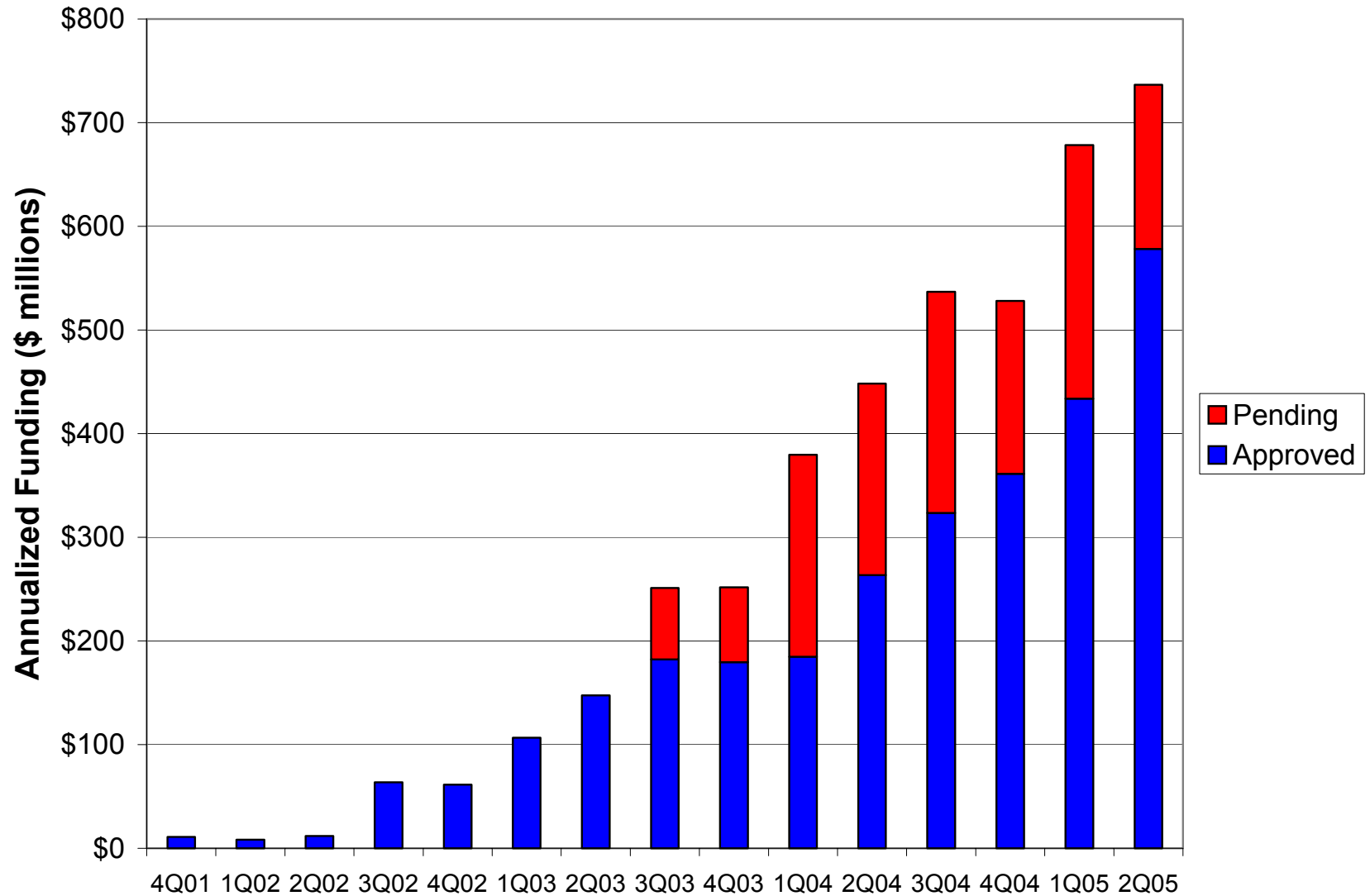
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# USF Collection Mechanism



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# CETC Funding



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# USF Reform

- **Sufficient and Sustainable USF Collection Mechanism**
  - Broaden funding base
- **Clearly Defined Goals**
  - Infrastructure in high-cost rural areas
  - Funding based on each carrier's cost
  - Uniform criteria for areas that can support only one COLR
- **Mandatory Minimum ETC Criteria**
  - Meaningful cost/benefit analysis
  - High-quality service throughout area in reasonable time
  - Ability to assume COLR responsibilities
  - Appropriate service quality criteria
  - Ability to remain functional in emergencies
  - Adequate financial resources